

Fiscal Year 2015-16 Annual Operating Budget

8

Capital Improvement Program

City Council Workshop May 27, 2015

Budget Workshop Agenda



- Introduction
- FY2015-16 Highlights
 - 5-Year Capital Improvement Program
 - Annual Operating Budget
 - Temecula Community Services District
- 5-Year Financial Plan
- Discussion

Introduction



City Profile

Population: 108,920 (up 2.5%)

Median Age: 34 years old

Number of Households: 33,869
 (up 1% from prior year)



Average Household Income: \$85,839 (up 6.3%)

April Median Home Price: \$452,976 (up 6% from March 2014)

Number of Jobs: 49,292 (up 15%)

Temecula Unemployment: 4.5% (down from 5.6% in April 2014)

Introduction



- Quality of Life Master Plan Core Values
 - 1. Healthy and Livable Community
 - Economic Prosperity
 - 3. A Safe and Prepared Community
 - 4. A Sustainable City
 - 5. Transportation Mobility and Connectivity
 - 6. Accountable and Responsive City Government



<u>Capital Improvement Program</u>

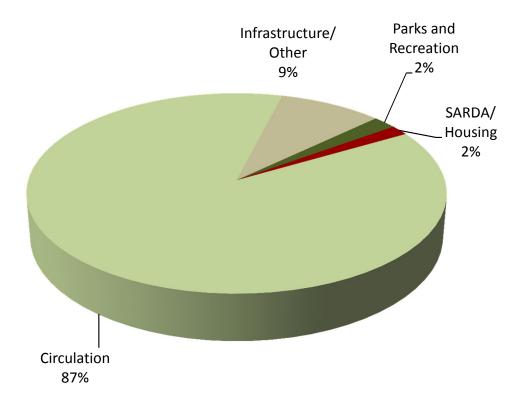


Highlights:

- 50 Capital Projects
- \$454.4M in Total Project Costs
 - \$321.7M programmed to complete projects
 - \$132.7M spent-to-date
 - \$221.8M funded
- \$22.9M appropriated in FY15-16
- \$49.7M carried over from prior years



Type of Project	Number of Projects	Cost to Completion
Circulation	16	\$280,956,429
Infrastructure/ Other	25	\$28,973,826
Parks and Recreation	8	\$6,570,233
SARDA/Housing	1	\$5,206,873
TOTAL	50	\$321,707,361





Circulation Projects

16 Projects totaling \$280,956,429

- French Valley Parkway/I-15 Phase II (\$216M)
- I-15/State Route 79Ultimate Interchange (\$50.6M)



Murrieta Creek Bridge &
 Overland Dr. Extension (\$19.3M)



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Fiscal Years 2016-2020



Circulation Projects

16 Projects totaling \$280,956,429

- Pavement RehabilitationProgram (\$7.3M)
 - × Old Town Front Street (\$520k)
 - × Temecula Parkway (\$550k)
 - ➤ Margarita Road Phase I (\$2M)



O Traffic Signal Equipment Replacement Program (\$330k)

<u>Capital Improvement Program</u>

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Traffic Signal Equipment Replacement Program (\$330k)



Infrastructure Projects

25 Projects totaling \$28,973,826

City Sidewalks (\$167k)



- O Bike Lane & Trail Program(\$508k)
- O City Facilities Rehabilitation (\$468k)
- Library Parking Phase II (\$2.8M)





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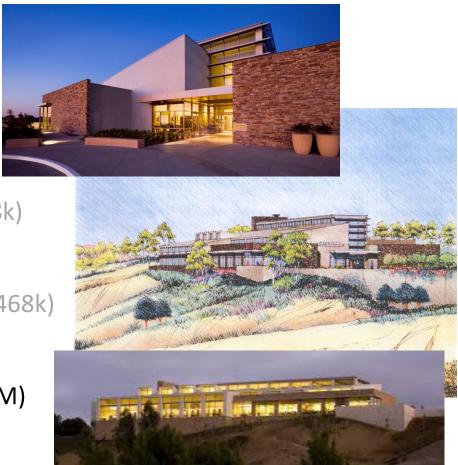
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Fiscal Years 2016-2020



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25 Projects totaling \$28,973,826

- Temecula Park & Ride (\$2.7M)
- Former YMCA Repair & Remediation (\$1.5M)
- Evaluation of Disabled Access to City Facilities & ROW (\$350k)
- Fire Station #73 LivingQuarters Upgrade (\$1.8M)
- O Theater Remediation (\$3.8M)





Fiscal Years 2016-2020



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Fiscal Years 2016-2020



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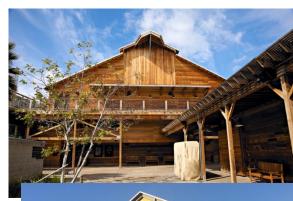
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Parks & Recreation Projects

8 Projects totaling \$6,570,233

Pennypickle's Workshop Exhibit/ Enhancement Project (\$114k)



o Parks Improvement Program (\$356K)



o Playground Equipment & Safety Enhancement (\$630k)





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Parks & Recreation Projects

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 Sam Hicks Monument Park Playground Renovation (\$614k)







New CIP Projects

- City Hall Exterior LED Lighting (\$67.5k)
- O Emergency Operations Center (\$117k)
- O Theater LED Lighting (\$30.6k)



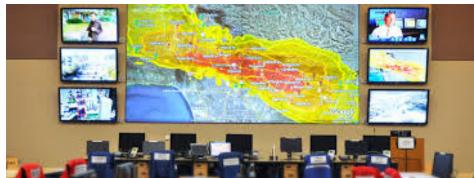




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Fiscal Years 2016-2020



SARDA/Housing Projects

Available Funding \$5,206,873

- Affordable Housing
 - ▼ Remaining 2010 bond proceeds
 - Specific Project(s) to be identified
 - RFP going out in June to solicit interest







Next Steps...

Community Services Commission May 11, 2015

Planning Commission May 20, 2015

Public Traffic Safety Commission May 28, 2015

City Council, Formal Adoption June 9, 2015







General Fund

Revenue	\$65,853,760
<u>Expenditures</u>	<u>\$65,365,521</u>
Revenue – Expenditures	\$488,239

Transfers Out:

	4
- Capital Improvement Projects	\$1,248,326
- Workers' Compensation Fund	\$250,000
- City & Parks Facility Rehabilitation	\$420,000
- Intern Fellowship Program	\$19,645
- Business Incubator Fund	<u>\$187,127</u>
Total Transfers Out	\$2,125,098



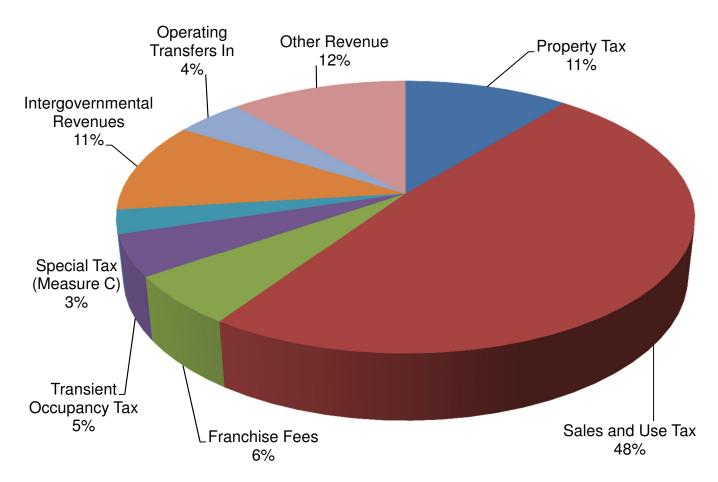
General Fund

 7/1/15 Beginning Fund Balance 	\$24,356,478
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• 6/30/16 Ending Fund Balance	\$22,719,619
 Reserved for Economic Unc 	ertainty (20%) \$13,073,104
 Secondary Reserve (5%) 	\$3,268,276
 Assigned to Capital Projects 	\$1,018,648
 Non-Spendable (Inventory/ 	Prepaids) <u>\$4,383</u>
 Available Fund Balance 	\$5,355,208



<u>General Fund Revenue = \$65,853,760</u>



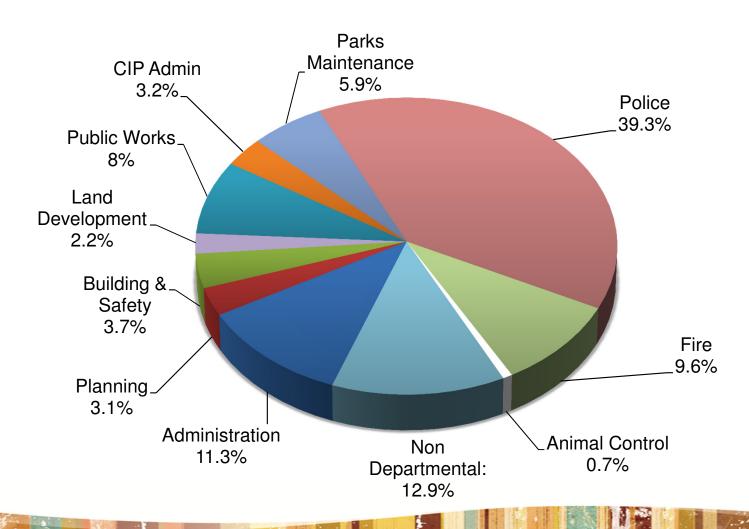


General Fund Revenue = \$65,853,760

	FY15-16	% Chg Assumptions
Property Tax	7,157,977	5.6% Increased Property Values
Sales and Use Tax	31,982,496	2.0% Growth in most sectors
Franchise Fees	3,888,177	4.1% Projected inflation
Transient Occupancy Tax	3,251,835	9.3% Projected inflation
Special Tax (Measure C)	1,867,639	0% Flat compared to prior year
Intergovernmental Revenues	7,055,799	4.2% Increased Property Values
Operating Transfers In	2,912,992	-9.0% Less Gas Tax transferred
Other Revenue	7,736,845	-8.6% Deferred Development revenue
General Fund Revenue	\$65,853,760	1.0%



General Fund Expenditures = \$65,365,521





General Fund Expenditures:

- Police Department (39% of General Fund)
 - Operating Budget = \$25,694,620
 - Includes replacement of 1 Motorcycle (\$28k)
 - Total staffing = 135
 - 100 Sworn Officers, 19 CSOs, 16 Administrative
 - 7.5% increase in Sheriff Contract, offset by:
 - Continuation of 3 vacant positions (\$832k)
 - SET Officer, Motorcycle Officer, Accident Investigator
 - Continued cost sharing arrangement with TVUSD
 - 50% for 5 School Resource Officers







General Fund Expenditures:

- Fire Department (9.6% of General Fund)
 - Total Staffing = 65
 - Operating Budget = \$13,932,812
 - Less Fire Tax Credit of \$7,645,222
 - General Fund impact of \$6,287,590



- 11% increase in Fire Contract in anticipation of Cal Fire labor negotiations which begin July 1st
- Maintaining staffing ratio of 4 personnel/engine





General Fund Expenditures:

- Community Support Grants (non-profits) = \$88,000
 - \$60,000 annual allocation
 - \$3,000 additional from 2015 Rod Run proceeds
 - \$25,000 Council Discretionary funding



- Recreation = \$4,601,783
- Library = \$644,205
- Service Level B Residential Street Lights = \$390,888





Other Expenditures

- Capital Outlay
 - 5 Public Works Trucks (\$203k or \$20.3k/yr for 10 yrs)
 - 1 Vactron (\$60k or \$4k/yr for 15 yrs)
 - 1 new Mid-Size Truck for TCSD (\$25K or \$2.5k/yr for 10 yrs))
- Technology Investment
 - Lease of new SAN/Server (\$120k/year for 5 yrs)
 - Library Firewall Replacement (\$30k or \$6k/yr for 5 yrs))
 - Wi-Fi Upgrade for Old Town (\$15k or \$3k/yr for 5 yrs)
 - Wi-Fi Upgrade for Civic Center (\$35k or \$7k/yr for 5 yrs)
 - Annual Computer Equipment Lifecycle Program (\$50k)



Staffing/Salaries & Benefits

- Consistent staffing levels 158.2 Authorized Positions (including 5 Council Members)
 - Reassignments of vacant positions
 - Sr. Debt Analyst -> Management Analyst (Finance)
 - Custodian -> Maintenance Worker (Public Works)



- 2 Part-Time Office Specialists increased from 20 to 24 hours per week
- Project staffing costs held constant to FY14-15 levels



Staffing/Salaries & Benefits

- Memorandum of Understanding (MOU) impacts included
 - 1% Wage Increase swap for 1% EPMC, effective 7/1/15
 - 3.5% Cost of Living Adjustment negotiated in 2014 Re-Opener
- Intern Fellowship Program funded at \$19,645
 - "Just Add One" campaign to partner with private sector, augmented with \$7,892 of Community Development Block Grant



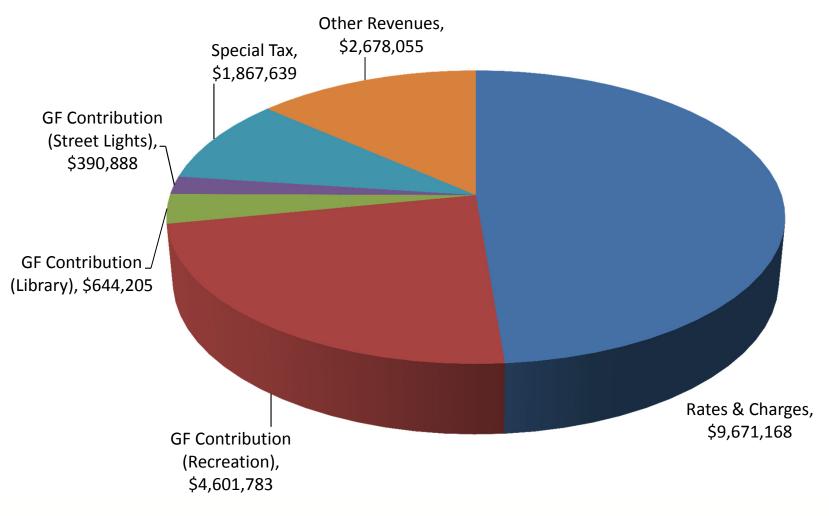




FY₁₅₋₁₆ Annual Operating Budget

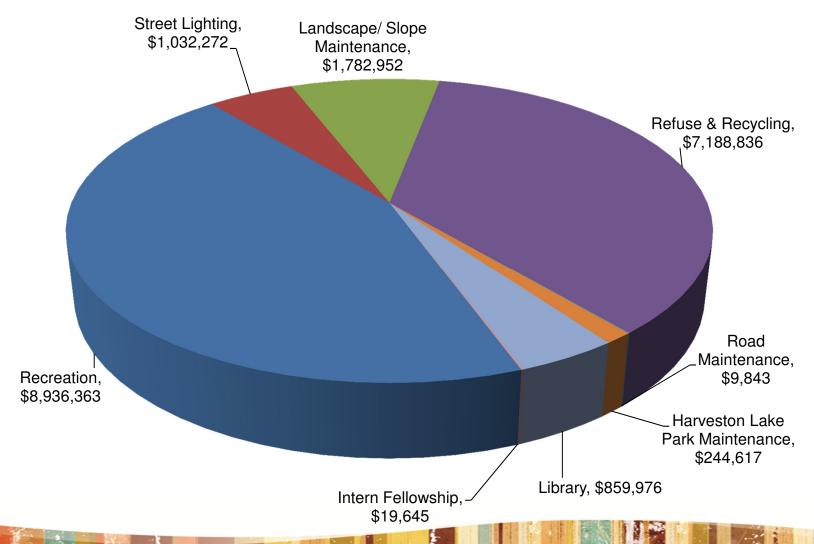
TCSD Revenue = \$19,853,738





TCSD Expenditures = \$20,074,504







TCSD Per Capita Funding

Special Tax (Measure C) was set in 1997 at \$74.44/Household

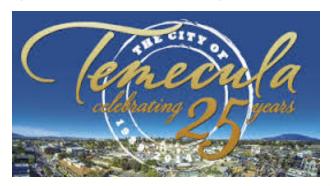


Note: TCSD Funding reduced in FY 12-13 due to Parks Maintenance moving to General Fund



Temecula Community Services District (TCSD)

- Program Highlights
 - Eagle Soar Playground & Splash Pad inclusive play structure dedicated to the Special Needs community
 - Renovation of CRC gym floor and scoreboards
 - City's 25th Anniversary Celebration









Temecula Community Services District (TCSD)

- Program Highlights
 - Cultural Arts Special Events
 - 1st Friday Art events in Old Town
 - Movies in the Park
 - Summer Concert Series
 - Street Painting



Award-winning Video Exhibit of the Oral History of WWII Veterans









Temecula Community Services District (TCSD)

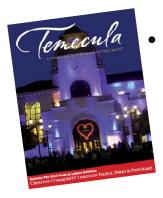
- Program Highlights
 - 2015 Rod Run event in Old Town
 - Signature Special Events
 - 4th of July Parade
 - Fireworks show
 - Santa's Electric Light Parade
 - Temecula On Ice
 - Collaboration with Old Town
 Temecula Association and Visit
 Temecula Valley on seasonal attractions





Temecula Community Services District (TCSD)

- Program Highlights
 - Continuing Theater renovation



- Ongoing programming
 - Recreation
 - Sports
 - Active Adults
 - Special Needs







Senior Services Needs Assessment



FY₁₅₋₁₆ Annual Operating Budget



SARDA Operating Budget

- Debt Service \$7,204,269
- Enforceable Obligations \$1,250,433
 - Abbott OPA
 - Abbott DDA
 - Affordable Housing Obligations





Next Steps

The proposed Operating Budget along with the CIP will be presented to the City Council for formal adoption on June 9th





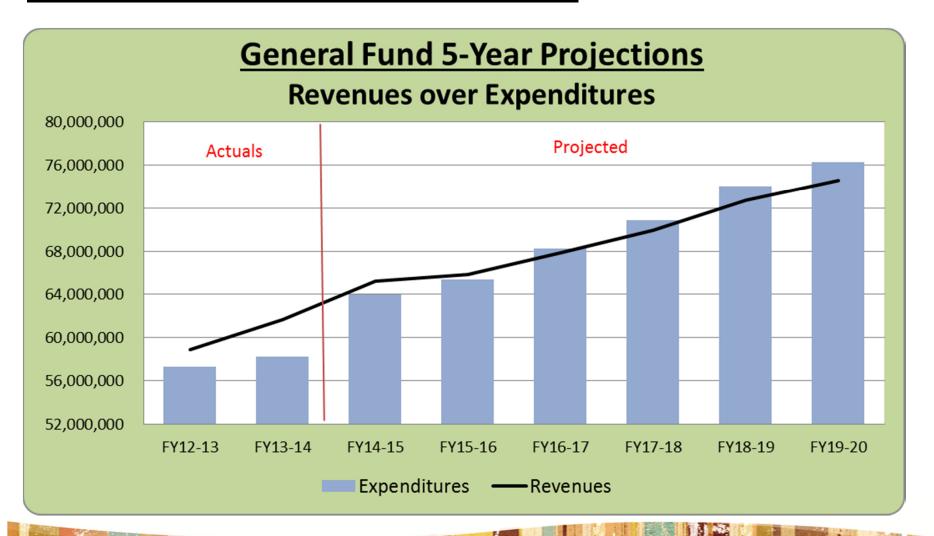


General Fund

- Long-range fiscal planning serves as a valuable tool to evaluate the City's ability to fund programs and services
 - Alerts decision makers early enough to course-correct if trends indicate financial concerns
- 5-Year projections are prepared for the General Fund and TCSD
- Last year the Strategic Fiscal Planning Ad Hoc committee was established to review the financial outlook for the City and discuss measures to ensure ongoing fiscal solvency

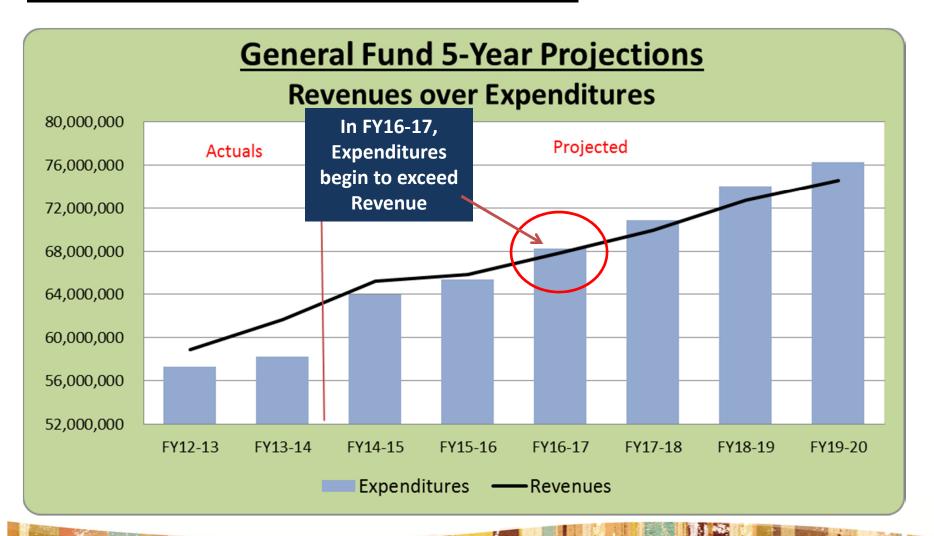
lemecula Has Heart ...Because Nice Matters

General Fund Trends – as of FY15-16



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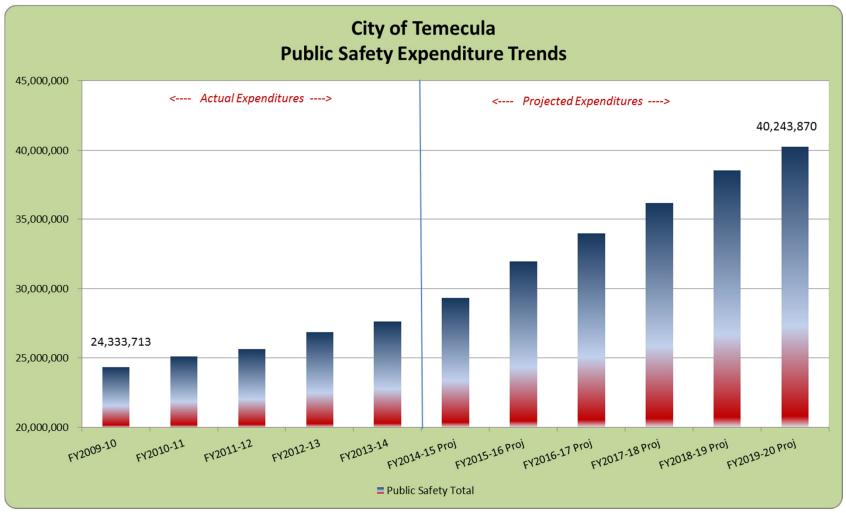


General Fund

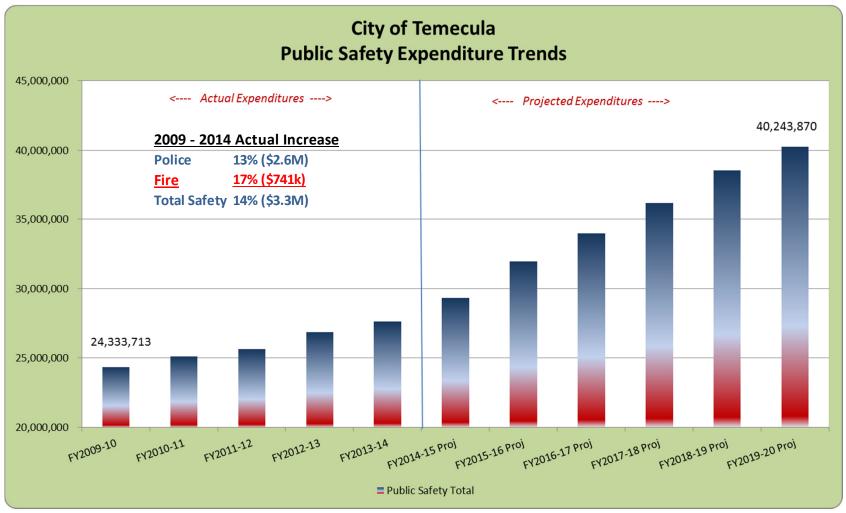
- Operating Revenues are projected at a realistic growth rate, based on known trends and information
- Expenditures are outpacing revenues due to:
 - Rising Public Safety Contracts
 - Police ~8% growth per year
 - Fire ~11% growth in FY15-16
 - Rising CalPERS Pension Costs
 - City's rates projected to increase by 8% in next 5 years
 - Law Enforcement pension costs projected to increase by 11% in next 5 years



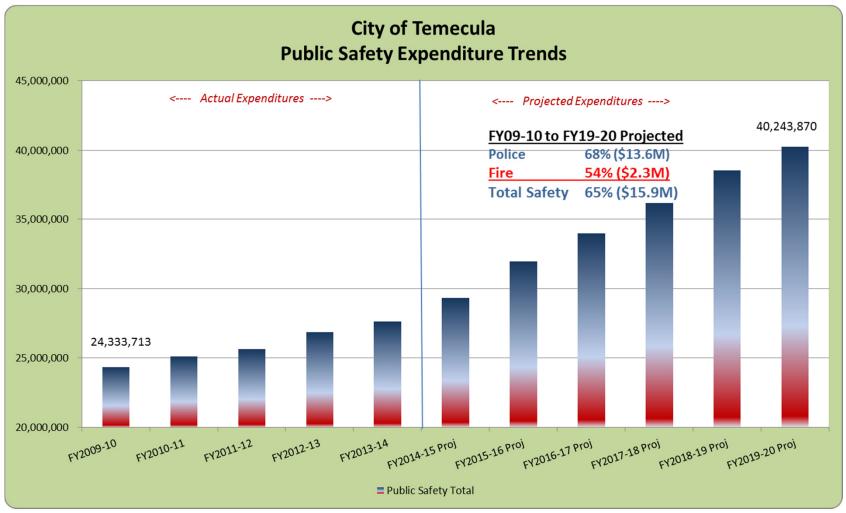








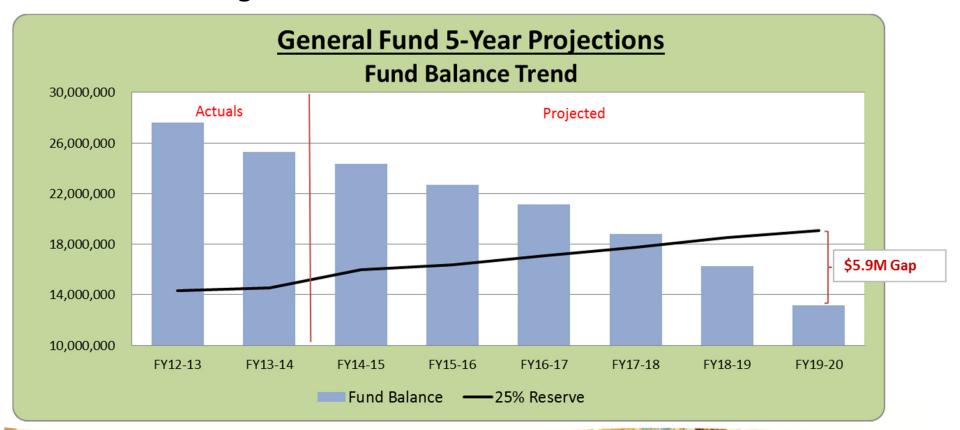




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General Fund Balance

 With projected trends, General Fund reserves would need to be utilized starting in FY18-19





Balancing the 5-Year

- Limited Options:
 - Decrease expenditures (service delivery) to fit within available resources
 - Maintaining vacancies
 - Evaluate potential savings of 3:0 staffing model for Fire
 - Increase revenues to keep pace with projected expenditure growth over next 5 years
 - Updated Fee Study to be completed in FY15-16
 - Collection of Education & Government (EG) Fees
 - Evaluate Measure C, Sales Tax and Utility Users' Tax



Additional Impacts

- Implementation of Employee Classification and Compensation Plan
- Development of Old Town Parking Strategies
 - Enlisted KMA to begin analysis of alternatives
- Reduction of Unfunded Liabilities (Retiree health & Pension)
 - Pre-paying annual PERS liability
 - Commissioned consultant to develop strategies on reducing future liabilities
- Water
- Public Safety costs
 - Initiated discussions amongst contract cities



Special Thanks To...

All Department Directors & Analysts & & Temecula's Budget Team

Jennifer Hennessy, Rudy Graciano, Pascale Brown, Erica Russo, Shirley Robinson, Monica Jorgenson, & Evelyn Watson

